APPENDIX

§ 1-71. *Consent of State thereto.*—The consent of the State is hereby granted to, and all appropriate powers are hereby conferred upon, any county, municipal corporation, township, school district, drainage district or other taxing or governmental unit organized under the laws of the State to institute any appropriate action and in any other respect to proceed under and take advantage of and avail itself of the benefits and privileges conferred, and to accept the burdens and obligations created, by any existing act of the Congress of the United States and any future enactment of the Congress of the United States relating to bankruptcy or the composition of indebtedness on the part of counties, municipal corporations, townships, school districts, drainage districts and other taxing or governmental units or any of them. (1952 Code § 1-71; 1942 Code § 7041-1; 1939 (41) 70.)

ACT NO. 1373, 1964

An Act To Empower The York County Natural Gas Authority To Refund Its Outstanding Bonds, To Fund Its Other Indebtedness, To Raise Other Moneys Required For Improvements To Its Natural Gas System, To Prescribe The Terms And Conditions Under Which Such Obligations Of The Authority May Be Issued, And To Make Provision For Their Payment.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. The General Assembly finds that:

(1) It did, by Act No. 959 of 1954, as afterwards amended by Act No. 694 of 1957, create the York County Natural Gas Authority (hereinafter referred to as the Authority) and did empower it to construct and operate natural gas distribution systems with the service area therein prescribed for it, together with such transmission lines as might prove necessary therefor, and in order to provide a means with which it might obtain funds for the con-

struction, maintenance and improvement of its system, did empower it to issue bonds payable from the revenues of its system to such extent as might prove necessary.

(2) In order that a convenient procedure for borrowing money might exist, there was vested in the Authority all of the powers set forth in the statute now codified as Sections 59-361, to 59-415, inclusive, and Sections 59-651 to 59-682, inclusive, of the 1962 Code.

(3) Afterwards, the Authority, exercising powers made available to it, issued four issues of bonds, all of which are now in default. The Authority has been diligently seeking to remedy the default and its affairs have improved to the point where it feels that it is feasible to effect a refunding of its outstanding bonds under a plan which will provide for the issuance of additional bonds to pay for improvements and extensions to its system now believed necessary.

(4) On the basis of present studies it appears that the most economical method of raising additional moneys will be through the issuance of additional bonds at a small discount. In addition, it may prove necessary that the Authority employ investment bankers to arrange exchanges of the Authority's outstanding bonds for its proposed refunding bonds.

(5) In order to effect the plan the Authority must use as the statutory vehicle Sections 59-651 to 59-682, inclusive, of the 1962 Code. Questions have arisen as to whether the provision of Section 59-667 which requires that bonds issued pursuant to the statute be sold at not less than par would prevent the consummation of the Authority's plan. Questions may also arise as to whether the proceeds of refunding bonds, which shall be sold to raise moneys for improvements, may be used to pay costs incurred in effecting exchanges and whether other bonds or certificates of indebtedness may be issued, junior in lien, to fund past due interest.

(6) It has decided to empower the Authority to take

such steps as may be necessary to consummate the issuance of the proposed refunding and improvement bonds of the Authority, and to that end has determined to authorize any plan by which the Authority will issue refunding and improvement bonds to such extent as shall be necessary to provide bonds to be exchanged for its now outstanding bonds, and to provide for a sale of a portion of such bonds to meet the cost of improvements and extensions to the system, and the cost of implementing the plan of exchange, and that such plan may be effected notwithstanding it requires the employment of investment bankers, or other individuals, to assist the Authority in securing the exchange and that it may involve the sale of the bonds, issued pursuant to the aforesaid statute, at a price of less than par, and that a portion of the proceeds from the sale of bonds may be used for expenses incidental to the plan.

SECTION 2. The Authority is hereby authorized to issue pursuant to Sections 59-651 to 59-682, inclusive, of the 1962 Code, such amount of bonds as it may from time to time hereafter deem necessary in order to exchange such bonds for those of the Authority now outstanding, and in order to provide funds for improvements and extensions to the system of the Authority. The bonds may be disposed of by the Authority on such terms as the Authority shall approve and at a discount, if the Authority shall find such a method to be to its advantage. The Authority is expressly empowered to employ such persons or firms of investment bankers as it may deem desirable in effecting the exchange of its outstanding bonds, and to use the proceeds of any bonds that might be sold to pay for the services of such individuals or investment bankers. The Authority is further authorized to issue funding bonds or certificates of indebtedness to such extent as it may deem necessary to fund all arrears of interest. Such funding bonds or certificates of indebtedness shall have such claim to the revenues of the system as the Authority shall provide.

SECTION 3. All bonds of the Authority now outstand-

ing and the bonds and certificates of indebtedness of the Authority to be hereafter issued pursuant to the authorization of this and other acts relating to the Authority are hereby declared to be valid and binding obligations of the Authority according to their respective tenor and effect. Such bonds and certificates of indebtedness shall be payable solely from the revenue derived from the system of the Authority and shall have such claim thereto as shall be for their issuance.

SECTION 4. This act shall be deemed to amend and enlarge the powers of the Authority as herein provided.

SECTION 5. This act shall take effect upon approval by the Governor.

Approved the 6th day of March, 1964.